

## **PROCEDURE 301-2 ESTABLISHING PAY RATES**

### **Establishing Initial Pay for New Hires**

It is the goal of the County to offer wages that attract qualified talent. It is also the goal of the County to ensure pay fairness among employees within similar job titles. Therefore, a new employee's initial pay should be set with consideration of the candidate's qualifications as defined by the job requirements, the pay of other similarly situated individuals, the pay and pay grades of supervised employees, and external market factors.

In keeping with compensation best practices, the initial wage will typically be set between the minimum and the midpoint of the salary grade. Exceptions to this procedure may be considered in cases with unusual circumstances, where external market conditions prohibit hiring within the authorized hiring grade, the current pay or pay scales of employees does not stimulate significant interest in upward career movement, and/or where a highly skilled candidate far exceeds qualifications. All exceptions must be approved in writing through Human Resources. Initial pay recommendations above the midpoint will require DAO and Human Resources management approval. Any recommendations above the 75<sup>th</sup> percentile of the range will require approval of the County Manager of designee.

### **Procedures for Establishing Pay for External New Hires:**

**For purposes of these procedures, D/A/O Leader refers to the Director or other D/A/O management representative involved in compensation recommendations and decisions.**

1. The D/A/O Leader will carefully review the applicant's qualifications in relation to the job's requirements, external market factors, and the current wages of individuals employed in similar titles and duties. Human Resources will provide guidance to the D/A/O Leader regarding market pay for the position. It is expected that most salary offers will be made between the minimum and the midpoint of the salary grade.
2. Considering the County's established compensation guidelines, D/A/O Leader will recommend to Human Resources a beginning salary that is attractive to the prospective employee, addresses market pay influences and is fair to existing employees. Beginning salaries for new employees should be considered with review of existing employee salaries, equivalent qualifications, and existing employee performance history within the same job title/duties to minimize compression issues.
3. Salary offer recommendations will be documented by the hiring manager and submitted to Human Resources for approval. Upon approval, D/A/O Leaders may then communicate the offer to the prospective employee or defer to Human Resources to do so.

With the grade minimum as a starting point, the following factors may offer additional salary consideration for initial placement of new hires into the salary range. Factors used to determine the offer may include relevant external experience, job-relevant experience, education, specialized skills or credentials, or supervisory or leadership experience.

## **Promotions, Career Path Progressions, Demotions, and Lateral Transfers**

Employees may be eligible for competitive promotion, lateral transfer or career progression increases after 90 days of continuous employment and satisfactory performance in their current position. This is different than Procedure 203-2 which outlines county-initiated transfers and demotions. These salary adjustment guidelines may be reviewed periodically based on budgetary and market conditions.

A ***promotion*** occurs when an existing employee moves to a job in a higher salary grade or range.

A ***lateral transfer*** occurs when an employee transfers to another position in the same salary grade as the position previously occupied.

A ***career progression*** occurs when an employee has met defined criteria outlined in an approved career progression plan to advance within the current job family

A ***demotion*** occurs when an employee's position is reassessed to a lower salary grade or when an employee is transferred to a position in a lower salary grade typically due to reorganization, poor job fit or corrective action. A demotion also occurs when an employee voluntarily accepts a position with a lower salary grade than the position occupied.

### **Procedures for Determining Pay for Competitive Promotion**

1. ***Competitive promotion*** occurs when an existing employee applies for a posted job and successfully competes for a higher graded position through a formal interview process with other internal and/or external candidates.
2. Human Resources will provide salary grades, individual pay information and promotion adjustment guidelines to each D/A/O Leader upon the competitive promotion of an employee.
3. The D/A/O Leader will recommend the promotional increase percentage according to the pay adjustment guidelines in consult with Human Resources. The employee's pay may be adjusted by a percentage not to exceed 15% or the minimum of the new salary grade. The percentage increase recommendation will depend on scope of promotion, internal equity, and budgetary considerations.
4. Promotion-based salary adjustments may be made in conjunction with or in addition to merit increases if the promotion is done during the annual merit cycle. In such cases, the combined merit and promotional increase will be subject to the 15% maximum increase.
5. If an employee participates in a competitive process for career advancement within the same job family, promotional increases will follow the Career Path procedures.

### **Procedures for Determining Pay for Career Path Progression**

1. Career Progression increases may be considered for job families where a formal career progression plan has been defined by D/A/O and approved by Human Resources, and where there are business needs and available budget for higher level roles. D/A/Os are encouraged to develop formal progression plans to support internal mobility and retention.
2. Anticipated increases for Career Path Progression may be proposed during a specified time frame each year, typically in conjunction with the annual budget process. Progression increases may be submitted to Human Resources by the D/A/O leader based on established timeframes throughout the year for employees who have met defined progression criteria. Approved pay increases will be effective on the first pay cycle of the month following approval.
3. Human Resources will provide salary grades, individual pay information and compensation adjustment guidelines to D/A/O Leaders upon the career path progression of an employee.
4. The D/A/O Leaders will recommend promotional increases up to 5% or to the minimum of the new salary grade in accordance with compensation guidelines. In some instances, career

progression may include a pay increase but not result in advancement to a higher salary grade. The specific percentage increase will depend on scope of promotion, internal equity, and budgetary considerations.

### **Procedures for Determining Pay for Lateral Transfers**

1. Typically, lateral transfers from one job to another within the same grade will not be considered for pay increase unless significant internal equity concerns exist with other employees in the job.
2. In such cases, Human Resources will review the existing pay rate to determine if an increase is warranted based on internal equity for existing employees in the role.

### **Procedures for Determining Pay for Demotions**

1. When demotion results from corrective action, poor performance or employee choice, the employee's salary will be reduced by ten percent (10%) or to the lower salary grade maximum.
2. In the case of a demotion resulting from an organizational change or development assignment, all attempts will be made to keep the individual at the current salary. Demotions resulting from organizational change or restructuring must be approved by the DAO leader and Human Resources.

### **Pay Above Grade Maximum**

The compensation system is a tool used by the County to provide a rational basis and consistent framework for pay decisions. It helps to ensure that positions are not underpaid or overpaid based on job responsibilities and the competitive labor markets from which employees are recruited. The salary grade assigned to each position indicates the value of the position in the external job market and relative value within the County. For any employee whose pay is at or above the maximum for their salary grade, future increases will be frozen so long as the current pay is at or greater than the salary grade maximum. However, they may be eligible for a lump sum merit increase for any pay increase that would have been received without the maximum of the pay grade. The County will evaluate its ability to provide lump sum increases for employees whose pay is at or above the grade maximum annually based on overall economic conditions and budgetary factors.

### **Step Pay Plans**

Departments, agencies, and offices implementing step plans must establish and follow procedures dictating initial step placement, placement upon transfer, promotion or demotion, movement through the steps, and any factors that may impact placement such as corrective action. The Human Resources Department will maintain and serve as the central repository for all pay plans. All such procedures, and any changes thereto, must be approved by the Department of Human Resources in consultation with DAO Leaders. Promotions and associated pay rate increases are effective the first day of the pay period following approval and will not be approved retroactively for more than two pay periods. As outlined in Procedure 301-1, if an employee reaches the top step of the classification, the employee's pay rate is frozen and is not eligible for additional pay or lump sum payment. An employee at the top step may receive a new pay rate when an adjustment is approved for the step pay structure.

**Unclassified Positions**

Unclassified positions will undergo periodic review in conjunction with the budget planning process based on external market data, statutory requirements, and/or other relevant factors.

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